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March 31, 2016

**VIA ECF**

The Honorable Randall L. Dunn  
United States Bankruptcy Judge  
U.S. Bankruptcy Court  
1001 SW Fifth Avenue, Suite 700  
Portland, Oregon 97204

Re: In re SeaPort Airlines, Inc.;  
Chapter 11 Case No. 16-30406-rld11  
File No. 7133

Dear Judge Dunn:

The purpose of this letter is to advise the Court of an order that was lodged today and the status of the review of the order by the relevant parties in this case. The order in question is the Second Order Extending Interim Order Authorizing Use of Cash Collateral (United States of America) (the "Order"). A copy of the Order is attached for your reference.

The secured creditor, the United States, has stipulated to the order, and counsel for the Committee has no objection to the Order. A copy of the Order was provided to Ms. McClurg at the Office of the United States Trustee; however, she was unavailable to review and approve the form of Order. Due to the expiration of the initial Order Extending Interim Order Authorizing Use of Cash Collateral (Doc No 157) today, the Order has been submitted to the Court to avoid a possible termination of the Debtor's authority to use cash collateral. If the United States Trustee has any objection to the Order, then the Debtor would request that the Court to set a hearing on such objection.

Thank you for the Court's consideration of this matter.

Sincerely,

VANDEN BOS & CHAPMAN, LLP

**/s/ Douglas R. Ricks**

Douglas R. Ricks

DRR:dr  
Enclosure

cc: SeaPort Airlines, Inc.  
Douglas Pahl (counsel to the Committee) (via ECF)  
Carla McClurg (United States Trustee) (via ECF)

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF OREGON

In re ) Case No. 16-30406-rld11  
 )  
SeaPort Airlines, Inc., ) **SECOND ORDER EXTENDING INTERIM**  
 ) **ORDER AUTHORIZING USE OF CASH**  
Debtor-in-Possession.) **COLLATERAL**  
(United States of America)

Based on Paragraph 11 of this Court's prior Interim Order (Docket No. 121) authorizing Debtor's use of the cash collateral of United States of America. ("United States") which permits an extension of the use of United State's cash collateral without further motion or notice upon stipulation of Debtor and United States, and based on the stipulation of Debtor and counsel for the United States, endorsed hereon, it is

ORDERED that Debtor's right to use cash collateral is extended from March 31 through April 6, 2016, under the same terms and conditions of this Court's Interim Order authorizing Debtor's use of cash collateral entered February 29, 2016 (Docket No. 121) in accordance with the budget attached to this Order marked **Exhibit 1**.

###

I certify that I have complied with the requirements of LBR 9021-1(a)(2)(A).

**IT IS SO STIPULATED:**

VANDEN BOS & CHAPMAN, LLP

UNITED STATES OF AMERICA,  
Department of Justice

By: /s/Robert J Vanden Bos  
Robert J Vanden Bos, OSB #78100  
Douglas R. Ricks, OSB #044026  
Christopher N. Coyle, OSB #07350  
Of Attorneys for Debtor-in-Possession

By: /s/Andrea Handel  
Ruth A. Harvey  
Margaret M. Newell  
Andrea Handel  
Of Attorneys for United States of  
America

**PRESENTED BY:**

/s/Robert J Vanden Bos  
Robert J Vanden Bos OSB #78100  
Douglas R. Ricks, OSB #044026  
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Of Attorneys for Debtor-in-Possession

**First Class Mail:**

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Attn Jorge Garcia Depty Tax Collector  
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Visalia, CA 93291-4593

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**Electronic Mail:**

The foregoing was served on all CM/ECF  
participants through the Court's Case  
Management/ Electronic Case File system.

	Forecasted Budget	March Totals	April Totals	May Totals	31-Mar-16 Thu	1-Apr-16 Fri	2-Apr-16 Sat	3-Apr-16 Sun	4-Apr-16 Mon	5-Apr-16 Tue	6-Apr-16 Wed
BEGINNING BALANCE					\$80,623.61	\$635,172.21	\$167,717.99	\$168,562.59	\$168,296.59	\$168,030.59	\$2,351.18
REVENUE											
Gross Credit Card Sales - Gravity		\$3,565.39	\$104,524.69	\$110,527.09	\$3,565.39	\$3,017.78	\$1,675.99	\$3,565.39	\$3,565.39	\$3,565.39	\$3,565.39
Credit Card Sales - American Express		\$1,085.00	\$32,550.00	\$33,635.00	\$1,085.00	\$1,085.00	\$1,085.00	\$1,085.00	\$1,085.00	\$1,085.00	\$1,085.00
Less Segment and Excise Taxes					-\$296.39	-\$296.39	-\$296.39	-\$296.39	-\$296.39	-\$296.39	-\$296.39
EAS Subsidy	\$600,000.00	\$0.00	\$682,489.00	\$620,000.00							
SIS - Interline		\$0.00	(\$10,392.00)	(\$10,392.00)						(\$2,598.00)	
DIP Line of Credit Draw	\$635,756.40	\$575,756.40	\$60,000.00	\$0.00	\$575,756.40						
ARC - Travel Agents		\$0.00	\$15,000.00	\$15,000.00			\$3,000.00				
Asset Sales											
Aircraft Parts											
Surplus Vehicles											
Surplus Equipment											
Tenant Rent - Juneau Hangar		\$0.00	\$10,000.00	\$10,000.00		\$10,000.00					
Juneau Hangar Rent		\$580,110.40	\$905,279.99	\$909,582.00	\$580,110.40	\$13,806.39	\$5,464.60	\$4,354.00	\$4,354.00	\$1,756.00	\$4,354.00
TOTAL CASH RECEIVED											
DAILY OPERATING EXPENDITURES											
Cost of Goods Sold											
Aircraft Fuel	\$121,992.90	\$2,800.00	\$84,000.00	\$86,800.00	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800
Insurance	\$26,928.00	\$14,405.00	\$14,405.00	\$14,405.00	\$14,405.00						
Pilot Salaries, Taxes & Benefits	\$76,723	\$0.00	\$53,643.00	\$58,000.00						\$24,643.00	
Maintenance - Salaries, Taxes, & Benefits	\$23,328.76	\$0.00	\$27,142.00	\$27,142.00						\$13,571.00	
Repairs & Maintenance	\$112,708	\$3,733.00	\$89,592.00	\$115,723.00	\$3,733.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Landing Fees	\$6,288.00	\$0.00	\$5,900.00	\$5,900.00							
Other Expenses											
Other Salaries & Wages, Taxes & Benefits	\$161,612.00	\$0.00	\$190,000.00	\$170,000.00						\$105,000.00	
Headquarters Expense	\$38,048	\$1,000.00	\$39,000.00	\$40,000.00	\$1,000.00	\$10,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
Travel & Expenses		\$400.00	\$12,000.00	\$12,400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00
Pilot Training - Ground & Flight		\$0.00	\$9,600.00	\$0.00						\$4,800.00	
Maintenance Overhead	\$6,950.00	\$0.00	\$6,950.00	\$6,950.00		\$6,950.00					
Marketing & Sales	\$12,120	\$0.00	\$7,500.00	\$0.00							
Reservation & Distribution Expenses	\$28,126.00	\$400.00	\$12,800.00	\$12,400.00	\$400.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
PDX Lease Security Deposit		\$0.00	\$17,000.00	\$17,000.00							
Station Expenses	\$50,451	\$500.00	\$44,720.00	\$45,220.00	\$500.00	\$30,220.00					\$500.00
Utilities	\$15,000	\$0.00	\$20,000.00	\$20,000.00							
Pre-petition expense checks		\$0.00	\$0.00	\$0.00							
One time pre-petition tax payment	\$65,806.00	\$0.00	\$0.00	\$0.00							
Cure Payments											
Aircraft Leases	\$145,000.00	\$0.00	\$378,139.65	\$145,000.00		\$378,139.65					
Passenger Refunds	\$59,000.00	\$0.00	\$0.00	\$0.00							
Auto-Payment Obligations											
Amadeus	\$52,000.00	\$0.00	\$42,000.00	\$37,000.00							
24x7 - IT Support		\$0.00	\$9,000.00	\$9,000.00		\$9,000.00					
Sub-Total	\$1,002,081	\$23,238	\$1,063,392	\$822,940	\$23,238.00	\$437,509.65	\$4,200.00	\$4,200.00	\$4,200.00	\$152,214.00	\$4,700.00
10% Contingency	\$100,208.07	\$2,323.80	\$106,339.17	\$82,294.00	\$2,323.80	\$43,750.97	\$420.00	\$420.00	\$420.00	\$15,221.40	\$470.00
TOTAL CASH OUT	\$1,102,288.73	\$25,561.80	\$1,169,730.82	\$905,234.00	\$25,561.80	\$481,260.62	\$4,620.00	\$4,620.00	\$4,620.00	\$167,435.40	\$5,170.00
Daily Income	\$0.00	\$580,110.40	\$905,279.99	\$909,582.00	\$580,110.40	\$13,806.39	\$5,464.60	\$4,354.00	\$4,354.00	\$1,756.00	\$4,354.00
Daily Expenses	\$1,102,288.73	\$25,561.80	\$1,169,730.82	\$905,234.00	\$25,561.80	\$481,260.62	\$4,620.00	\$4,620.00	\$4,620.00	\$167,435.40	\$5,170.00
Net Daily		(\$1,102,288.73)	(\$264,450.83)	\$4,348.00	\$554,548.60	(\$467,454.23)	\$844.60	(\$266.00)	(\$266.00)	(\$165,679.40)	(\$816.00)
Ending Daily Balance					\$635,172.21	\$167,717.99	\$168,562.59	\$168,296.59	\$168,030.59	\$2,351.18	\$1,535.18